



State of Alabama • Department of Finance • Division of Risk Management

March 2008

PLEASE CIRCULATE

VACANT AND UNOCCUPIED BUILDINGS

As the result of growing concerns over the greatly increased exposure to loss to buildings that are Vacant or Unoccupied, Endorsement #21 to the State Insurance Fund All Risk Policy was created and sent to all agencies in November 2007. At that time agencies were directed to check their property schedules and report any buildings that fell into these categories as coverage is very limited.

The following is a brief summary that will assist agencies in reporting buildings that are vacant or unoccupied to Risk Management.

UNOCCUPIED means the building contains contents that pertain to the occupancy of the building, but the operations and activities usual to the occupancy of the building have been suspended. A building that is temporarily unoccupied due to seasonal usage, such as a school building, will not be considered unoccupied for purposes of this endorsement.

VACANT means the building contains no contents that pertain to the operations or activities customary to the occupancy of the building.

There is no coverage for a scheduled property that is vacant or unoccupied for 60 consecutive days unless the SIF has been notified and an agreed amount of coverage applied to that property, not to exceed salvage value.

INSURANCE COVERAGE FOR BUILDINGS CONSTRUCTED PRIOR TO 1960

We attempt to cover most properties insured by the State Insurance Fund under Replacement Cost Value (RCV). However, with some properties, this is not possible due primarily to a combination of age and overall building condition. For these reasons, we have made a decision to carefully review all State insured properties, especially those constructed prior to 1960.

To assist with this process, we have implemented procedures that include surveying and reappraising all State insured properties. During our recent surveys, we have encountered numerous problems with older buildings to include leaking roofs, electrical hazards, rotting wood, and poor maintenance. These buildings would not qualify for RCV coverage. Depending on the severity of the building condition, we would insure them either at Actual Cash Value (ACV) - which takes depreciation into consideration in a claims settlement- or at Salvage (SAL) Value which is 10% of ACV.

There are some exceptions. We will continue to offer RCV coverage on buildings built before 1960 that are in excellent or good condition due to renovations and good maintenance. With this in mind, please take a look at all buildings on your Property Certification that were built before 1960. If you feel that any of your ACV buildings should be insured under RCV, please let us know. Likewise, if any of your RCV buildings have poor roofs or any other condition listed above, please let us know this as well.

If you have any questions, please give Dale Whittle a call (334) 223-6139 to discuss any concerns you may have.

Wise Words

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Department of Finance
Division of Risk
Management
State of Alabama

Director of Finance
James Allen Main

Risk Manager
Ben M. Spillers

We greatly appreciate
the contribution of the follow-
ing individuals to this issue of

Wise Words

Ben M. Spillers
Kim Huggins
Marilyn Tucker
Jerry Carpenter
Dan Burgess
Bob Smith
Sandra Landers

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777 South Lawrence St.
Montgomery, Alabama
36130-3250

(334) 223-6120 Phone
(334) 223-6154 Fax

or e-mail:
riskinfo@finance.alabama.gov
or website:
<http://www.riskmgt.alabama.gov>

If you are interested in
receiving this publication via
e-mail, please send your
e-mail address to:
becky.cole@finance.alabama.gov

TIME TO CERTIFY PROPERTY INSURANCE

The State Insurance Fund certifications are scheduled for mail out in March. It is important that our certified copy be returned by June 30, 2008, to allow our office plenty of time to update values prior to October's renewal. Please follow the instructions enclosed with the certification.

Changes which occur during the fiscal year such as renovations to existing buildings, new buildings, purchase of new computers or other equipment, demolition or sale of buildings should be reported promptly to our office to ensure adequate coverage. **Previously, we have depended on across-the-board percentage increases to keep up with inflation, but this year your property values have been updated using the most current cost valuations for your locations.**

Remember, it is critical that these values be scrutinized for accuracy. We can only provide limits and values based on data we have on hand. The margin clause of 115% and coinsurance clause imposed by our reinsurers make it imperative that your values are as close to 100% as possible. Also, remember there is no more blanket replacement coverage (BRC). Properties that were once insured at blanket replacement cost (BRC) are now insured at replacement cost value (RCV), on a per building basis. RCV also applies to your contents values.

If you have any questions, call Dale Whittle at (334) 223-6139.

SAVINGS CONTINUE TO GROW WITH THE STATE EQUIPMENT MAINTENANCE PROGRAM (EMP)



For the past two years the Department of Finance, Division of Risk Management has been able to save over a million dollars a year with The Remi Group's Equipment Maintenance Program. Two new state departments will be taking advantage of these savings and joining the program, Retirement Systems of Alabama and Alabama ETV Commission. Both departments will be taking advantage of the guaranteed 25% savings off their current equipment maintenance budget. Not only will they be saving money but they will be able to choose their own service vendor, have access to The Remi Group's online reporting system, and be able to generate customized reports to better understand their equipment and vendor performance.

For more information about the program, contact Nancy Dodd at 334-353-8751 or ndodd@theremigroup.com.

Invoices and Service Reports can be sent to:
State of Alabama, P.O. Box 4389, Montgomery, AL 36130
Fax: (866) 497-9397

SEICTF FIRST REPORTS OF INJURY

The SEICTF Rules and Regulations require that all First Reports of Injury (FRI) be submitted by the injured employee to their supervisor immediately or at the latest within five days of the date of injury. FRI's need to be completely filled out with all available information especially telephone numbers for the employee, supervisor, medical providers seen, complete description of how the accident occurred and affected body parts. Any injuries reported by the injured employee to their agency after five days could result in coverage under this program being denied. It is imperative that SEICTF get the FRI as soon as possible. Faxing the FRI is the quickest way to get it to us (Fax number 334-223-6170). As soon we have the FRI we can coordinate the medical treatment.

Any injuries that are catastrophic need to be called in to SEICTF (Telephone number 334-223-6162 or 1-800-388-3406) immediately. On this type claim we need to get a nurse case manager on the telephone with the medical provider or in some instances we get the nurse case manager to the medical provider's location. On occasion we have been able to have a nurse waiting at the hospital when the injured employee was brought in. The nurse case manager is able to keep the injured employee's family updated and be sure the employee is getting the needed treatment. She will also keep SEICTF updated regarding the injuries that the employee sustained. The nurse case manager does not direct the medical treatment, that is the doctor's call.

Instances of late reporting from the employee to the agency or from the agency to SEICTF can cause delay in the approval of medical treatment. There have been times that we have been called by a medical provider regarding approval for a procedure and we have not been notified of the injury occurrence. If SEICTF does not know that an injury occurred, we are unable to approve requested treatment. This can cause the charges to be filed under the injured employee's group health and the employee to pay co-pays on medical treatment as well as prescriptions.

As you can see, late reporting can cause problems in several different areas. So let's get those first reports sent as soon as an injury occurs.

SEICTF Claim Forms are available at the Division of Risk Management web site and can be downloaded. The web site address is www.riskmgt.alabama.gov, go to the downloads section and click on forms.

TORNADO! BE PREPARED

In Alabama, our peak tornado season is in March through May. However, tornadoes can occur at any time of the year.

TORNADO FACTS:

- Tornadoes are most likely to occur between 3 and 9 p.m. but have been known to occur at all hours of the day or night.
- The average tornado moves from southwest to northeast, but can move in any direction. Speed can vary from nearly stationary to 70 mph, but the average is 30 mph.
- Tornadoes may appear nearly transparent until dust and debris are picked up.
- In an average year, 800 tornadoes are reported nationwide, resulting in 80 deaths and over 1,500 injuries.

TORNADO SAFETY:

Stay informed by listening to NOAA Weather Radio, commercial radio, and television for the latest watches and warnings. Tornadoes occasionally develop in areas in which a severe thunderstorm watch or warning is in effect. Remain alert to signs of an approaching tornado and seek shelter if threatening conditions exist. What to look for:

- Dark, often greenish sky
- Wall cloud
- Large hail
- Loud roar; similar to a freight train

IF A WARNING IS ISSUED OR IF THREATENING WEATHER APPROACHES:

- In a home or building, move to a pre-designated shelter, such as a basement.
- If an underground shelter is not available, move to an interior room or hallway on the lowest floor and get under a sturdy piece of furniture.
- Stay away from windows.
- Get out of automobiles.
- Mobile homes, even if tied down, offer little protection and should be abandoned.





YOUR KEY TO BETTER HEALTH

A July 2007 study conducted by International Communications Research (ICR) indicated that 50.2% of respondents had personal knowledge of situations in which preventive health measures might have avoided a major illness for themselves,

family members or friends. In spite of this knowledge, 39.5% of respondents reported not knowing what preventive-health measures they should take and 38.5% reported not worrying about their health unless there is a problem.

For better health, we must educate ourselves on the preventive measures we can take to avoid illness and effect the necessary behavior change to manage illness. The key to maximizing wellness, both in prevention and management of illness, is in effecting positive behavior change. Commit to start today by:

- Scheduling an appointment with your healthcare professional to discuss your prevention plan
- Research your health benefits to determine what preventive services are covered
- If you have a chronic illness, seek support and guidance to learn to effectively manage your condition.

In assessing your healthcare needs, remember to consider mental health as well. A study from the World Health Organization (WHO) in Switzerland indicated depression as one of the most dangerous chronic health conditions, more damaging to everyday health than chronic angina, arthritis, asthma or diabetes. The signs of depression include:

- Sad, anxious, or “empty” mood
- Loss of interest or pleasure in ordinary activities
- Decreased energy; fatigue, feeling “slowed down”
- Sleep problems (insomnia, oversleeping, etc.)
- Difficulty concentrating or remembering
- Inappropriate feelings of guilt or worthlessness
- Irritability
- Recurring aches and pains
- Thoughts of death or suicide

If you experience any of these symptoms for more than two weeks, contact your Employee Assistance Program to schedule an assessment. EAP is a free and confidential program for employees of participating state agencies and their dependents. For more information call BHS at 800.245.1150.